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ACTION EB-08

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C O N F I D E N T I A L BOGOTA 01616

E.O. 12356: DECL: OADR  
TAGS: EPET, EINV, OPIC, PREL, KALR, CO  
SUBJECT: OXY/SHELL DECIDE TO SIT TIGHT FOR THE MOMENT

REFS: BOGOTA 1401 AND PREVIOUS

1. (CONFIDENTIAL - ENTIRE TEXT)
2. SUMMARY: BASED ON ECOPETROL ASSURANCES THAT A MUTUALLY SATISFACTORY SOLUTION CAN BE FOUND FOR DEALING WITH DECREES 128 AND 196, TENSIONS HAVE BEEN REDUCED, OXY/SHELL ARE GOING TO "SIT BACK AND LISTEN" AND OXY WILL CONTINUE TO FINANCE ECOPETROL. OXY/SHELL LAWYERS, HOWEVER, ARE STILL WORKING ON A POSSIBLE PETITION TO THE COUNCIL OF STATE, JUST IN CASE. END SUMMARY
3. IN INTENSIVE DISCUSSIONS OVER THE WEEKEND WITH SENIOR ECOPETROL EXECUTIVES, OCCIDENTAL AND SHELL HAVE BEEN ASSURED THAT A MUTUALLY SATISFACTORY ACCOMMODATION CAN BE REACHED REGARDING CONTROL OF THE CANO LIMON-COVENAS PIPELINE AND GOC OIL EXPORT POLICY (DECREES 128 AND 196, REFTELS). ACCORDING TO A SENIOR OXY OFFICIAL, THESE

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ASSURANCES HAVE REDUCED THE LEVEL OF TENSION.  
CONSEQUENTLY, OXY/SHELL HAVE DECIDED, FOR THE MOMENT  
ANYWAY, TO "SIT BACK AND LISTEN AND SEE WHAT HAPPENS,"

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UNITED STATES DEPARTMENT OF STATE  
REVIEW AUTHORITY: OSCAR J. OLSON  
DATE/CASE ID: 24 OCT 2002 200201334  
CLASSIFICATION: CONFIDENTIAL REASON: 1.6(6)  
DECLASSIFY AFTER: 3 FEB 2011

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AND OXY WILL CONTINUE WITH ITS FINANCIAL ASSISTANCE TO ECOPETROL. OXY/SHELL OFFICIALS HAVE MADE CLEAR TO ECOPETROL, HOWEVER, THAT THEIR WAIT-AND-SEE ATTITUDE DOES NOT PREJUDICE FUTURE LEGAL ACTION.

4. IN THE MEANTIME, JUST IN CASE FURTHER DISCUSSION WITH ECOPETROL COMES TO NAUGHT, OXY/SHELL LAWYERS ARE STILL WORKING ON THE POSSIBILITY OF A PETITION TO THE COUNCIL OF STATE TO SUSPEND THE DECREES.

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5. ALTHOUGH THE SITUATION SEEMS TO HAVE IMPROVED, OXY/SHELL ARE CONTINUING THEIR EFFORTS TO PRESENT THEIR CASE TO INFLUENTIAL COLOMBIANS. THEY PLAN TO MEET WITH THE FINANCE MINISTER, BOTH HERE AND WHEN HE GOES TO THE STATES.

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